



# ONTARIO FINANCES

Ministry of Finance

1994-95 Second Quarter

Quarterly Update  
September 30, 1994

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- BUDGET PLAN** • Budgetary Requirements, at \$8,342 million, are down \$206 million from the Budget Plan.

6 months  
actual results  
and 6 months  
projected

Fiscal Summary (\$ Millions)	1994-95			
	Budget Plan	Current Outlook	In-Year Change	Changes from First Quarter
Revenue	45,140	45,346	206	206
Operating Expenditure:				
Programs	43,543	43,543	-	-
Public Debt Interest	<u>7,945</u>	<u>7,945</u>	-	-
Total Operating Expenditure	51,488	51,488	-	-
<b>Operating Deficit</b>	<b>6,348</b>	<b>6,142</b>	<b>(206)</b>	<b>(206)</b>
Capital Expenditure	<u>2,200</u>	<u>2,200</u>	-	-
<b>Budgetary Requirements</b>	<b>8,548</b>	<b>8,342</b>	<b>(206)</b>	<b>(206)</b>

- REVENUE** • The revenue outlook for 1994-95 is \$45,346 million, an increase of \$206 million from the Budget plan and the first quarter. Additional revenues have been applied to pay down the deficit.

- The revenue increase this quarter is a result of stronger-than-expected tax revenue growth due to the more robust pace of economic expansion.

- OPERATING EXPENDITURE** • The expenditure forecast, at \$51,488 million, is unchanged from the Budget Plan.
- Savings of \$172 million have been secured and applied against the Expenditure Savings and Constraints target of \$400 million.

- CAPITAL EXPENDITURE** • The capital expenditure forecast, at \$2,200 million, is unchanged from the Budget Plan but reflects the distribution of \$135 million in Canada-Ontario Infrastructure Works funds to three ministries.

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Table 1

		1994-95		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
<b>TAXATION REVENUE</b>	Personal Income Tax <sup>1</sup>	14,810	14,810	-
	Retail Sales Tax	8,610	8,710	100
	Corporations Tax	3,780	3,930	150
	Employer Health Tax	2,540	2,540	-
	Mining Profits Tax	90	90	-
	Gasoline Tax	1,970	1,970	-
	Fuel Tax	480	480	-
	Tobacco Tax	380	350	(30)
	Land Transfer Tax	360	360	-
	Race Tracks Tax	75	75	-
	Other Taxation	<u>70</u>	<u>70</u>	<u>-</u>
		33,165	33,385	220
<b>OTHER REVENUE</b>	LCBO Profits	580	580	-
	Vehicle/Driver Registration Fees	740	740	-
	LLBO Fees, Licences and Permits	530	530	-
	Other Fees and Licences	705	705	-
	Lottery Profits	575	575	-
	Royalties	270	270	-
	Sales and Rentals	645	645	-
	Fines and Penalties	210	169	(41)
	Recoveries	135	128	(7)
	Reimbursements	160	160	-
	Miscellaneous	<u>173</u>	<u>173</u>	<u>-</u>
		4,723	4,675	(48)
<b>FEDERAL GOVERNMENT</b>	Established Programs Financing	3,657	3,657	-
<b>PAYMENTS</b>	Canada Assistance Plan	2,602	2,636	34
	National Training Act	76	76	-
	Bilingualism Development	77	77	-
	Young Offenders	81	81	-
	Vocational Rehabilitation	66	66	-
	Canada-Ontario Infrastructure Works	253	253	-
	Other	<u>440</u>	<u>440</u>	<u>-</u>
		7,252	7,286	34
<b>TOTAL</b>		<b>45,140</b>	<b>45,346</b>	<b>206</b>

<sup>1</sup> Net Of Ontario Tax Credits.



		1994-95		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
<b>MINISTRIES</b>				
<b>BUDGETARY</b>	Agriculture, Food and Rural Affairs	12	12	-
	Attorney General	3	3	-
	Citizenship	8	8	-
	Community and Social Services	84	84	-
	Culture, Tourism and Recreation	26	26	-
	Economic Development and Trade	139	139	-
	Education and Training	9	19	10
	Environment and Energy	75	75	-
	Finance	1	1	-
	Canada-Ontario Infrastructure Works	465	330	(135)
	Health	40	40	-
	Housing	58	58	-
	Management Board Secretariat	122	122	-
	Municipal Affairs	-	113	113
	Native Affairs Secretariat	20	20	-
	Natural Resources	59	59	-
	Northern Development and Mines	192	204	12
	Solicitor General and Correctional Services	3	3	-
	Transportation	1,102	1,102	-
	In-Year Savings	(218)	(218)	-
<b>SUB-TOTAL</b>		2,200	2,200	-
<b>Non-Budgetary</b>				
<b>LOAN BASED</b>	Colleges and Universities	96	96	-
	School Boards	290	290	-
	Canada-Ontario Infrastructure Works	35	35	-
	Health Facilities	173	173	-
<b>CROWN CORPORATIONS</b>	Clean Water Agency	280	280	-
	Ontario Realty Corporation	128	128	-
	Transportation Capital Corporation	598	598	-
<b>SUB-TOTAL</b>		1,600	1,600	-
<b>TOTAL</b>		3,800	3,800	-
<b>Project Specific</b>				
	Highway 407	300	300	-
	Metro Convention Centre	39	39	-
	Brampton Courthouse	10	10	-
<b>SUB-TOTAL</b>		349	349	-
<b>TOTAL</b>	<b>Capital Investment</b>	4,149	4,149	-

- To date, a total of \$135 million has been distributed from the Canada-Ontario Infrastructure Works fund to meet the cash flow requirements for projects delivered through the Ministries of Municipal Affairs, Northern Development and Mines, and Education and Training.
- \$ 218 million in planned savings will be achieved by year end. Project delays, lower than anticipated contract prices, and low take up by transfer partners on funds available for cost shared projects will all contribute to the projected underspending.

# Performance

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**REVENUE** The 1994-95 revenue outlook has been increased by \$206 million from both the Budget Plan and the first quarter. This increase is a result of higher-than-expected tax revenues due to the more robust pace of economic expansion. Major changes this quarter include:

- The Corporations Tax forecast has been raised by \$150 million as a result of strong corporate profit growth.
- The Retail Sales Tax outlook has been increased by \$100 million reflecting stronger-than-expected consumption.
- The Tobacco Tax outlook has been lowered by \$30 million as receipts have been weaker than expected.
- Fines and Penalties are lower by \$41 million because the pilot project for Photo-radar is being prolonged.
- Canada Assistance Plan payments from the federal government are expected to increase by \$34 million due to reimbursements for claims in respect of prior years.

**OPERATING EXPENDITURE** The current operating expenditure forecast, at \$51,488 million, is unchanged from the Budget Plan. There have, however, been changes within the allocation to ministries.

- Savings of \$172 million have been secured and applied against the \$400 million Expenditure Savings and Constraints target, including:
  - A permanent salaries and wages constraint of \$40 million has been applied against ministries.
  - Social Assistance caseloads have been lower than forecast resulting in savings of \$65 million for the Ministry of Community and Social Services.
  - The Ministry of Education and Training has \$7 million in reduced principal and interest costs related to capital loans to school boards, colleges and universities
  - The Ministry of Environment and Energy has found savings of \$6 million in various operating and transfer payments.
  - The Contingency Fund is saving \$33 million related to slippage in various Budget Plan initiatives, including Extra Fire Fighting due to reduced forest fire hazards and Non Tax Revenue projects including Photo-radar.
  - The Ministry of Natural Resources has identified savings for own account Extra Fire Fighting.
- The Contingency Fund transferred \$25 million to ministries for various Government initiatives such as:
  - \$10 million for Integrated Safety Programs with the Ministries of the Attorney General, Solicitor General and Correctional Services, and Transportation;
  - \$4 million for Clearing the Path for Business Success;
  - \$3 million for Native land claims.



# Operating Expenditure

Table 2

	Budget Plan	1994-95	
		Current Outlook	In-Year Change
		(\$Millions)	
<b>MINISTRIES</b>			
Agriculture, Food and Rural Affairs	487	486	(1)
Attorney General	724	724	-
Board of Internal Economy <sup>1</sup>	139	139	-
Citizenship	79	80	1
Community and Social Services	9,372	9,298	(74)
Consumer and Commercial Relations	154	154	-
Culture, Tourism and Recreation	377	376	(1)
Economic Development and Trade	316	315	(1)
Education and Training	8,782	8,768	(14)
Environment and Energy	276	268	(8)
Executive Offices <sup>2</sup>	12	12	-
Finance - Own Account	432	434	2
Contingency Fund	321	251	(70)
Public Debt Interest	7,945	7,945	-
Francophone Affairs, Office of	3	3	-
Health	17,352	17,344	(8)
Housing	1,118	1,117	(1)
Intergovernmental Affairs	7	7	-
Labour	159	158	(1)
Management Board Secretariat	570	567	(3)
Municipal Affairs	778	777	(1)
Native Affairs Secretariat	17	20	3
Natural Resources	476	481	5
Northern Development and Mines	72	72	-
Solicitor General and Correctional Services	1,108	1,112	4
Transportation	789	785	(4)
Women's Issues, Office Responsible for	23	23	-
Expenditure Savings and Constraints	(400)	(228)	172
<b>TOTAL</b>	<b>51,488</b>	<b>51,488</b>	<b>-</b>

<sup>1</sup> Includes Office of the Assembly, Chief Election Officer, Ombudsman and Provincial Auditor.

<sup>2</sup> Includes Office of the Lieutenant Governor, Office of the Premier and Cabinet Office.

# Financing

Table 4

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		1994-95		
		Budget Plan	Current Outlook	In-Year Change
		(\$Millions)		
<b>REQUIREMENTS</b>	Operating Deficit	6,348	6,142	(206)
	Capital Deficit	<u>2,200</u>	<u>2,200</u>	<u>-</u>
	<b>Budgetary Requirements</b>	<b>8,548</b>	<b>8,342</b>	<b>(206)</b>
<b>FINANCING</b>	Debt Issues	11,100	11,100	-
	Retirements:			
	Canada Pension Plan	(702)	(702)	-
	Ontario Teachers' Pension Plan	(64)	(64)	-
	Public Service Pension Plan	(104)	(104)	-
	Municipal Employees Retirement Fund	(149)	(149)	-
	Other	<u>(12)</u>	<u>(12)</u>	<u>-</u>
		(1,031)	(1,031)	-
	Net Debt Issues	10,069	10,069	-
	Province of Ontario Savings Office and Other Liabilities - Net	<u>125</u>	<u>125</u>	<u>-</u>
	<b>Net Financing</b>	<b>10,194</b>	<b>10,194</b>	<b>-</b>
<b>LOANS</b>	Net Loan Repayments (Issues)	(1,901)	(1,901)	-
<b>CASH</b>	Decrease (Increase) in Cash	<u>255</u>	<u>49</u>	<u>(206)</u>
<b>ACCUMULATED DEFICIT</b>	<b>Increase in Accumulated Deficit</b>	<b>8,548</b>	<b>8,342</b>	<b>(206)</b>

- Financing requirements for 1994-95 are forecast at \$11,274 million, down \$206 million from the first quarter. This is composed of \$6,142 million for funding the operating deficit, \$2,200 million for capital spending, \$1,901 million for alternate capital financing arrangements and net loans, and \$1,031 million for refinancing maturing debt.
- Bond, debenture and note issues launched from the beginning of this fiscal year to September 30, 1994 totalled \$7,221 million. In addition, \$3,000 million was pre-borrowed last year for this fiscal year.

